GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:4547
ANSWERED ON:29.03.2017
Semi-Conductor Units
Tanwar Shri Kanwar Singh

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics and Information Technology be pleased to state:
(a) the details of assistance, financial and otherwise, provided or proposed for setting up of Semi-Conductor Wafer Fabrication (FAB) units;
(b) the progress made in setting up of Semi-Conductor Wafer Fabrication (FAB) manufacturing facilities in the country;
(c) whether the Government is considering to set up such FAB facilities in various States and if so, the details thereof and the action taken in this regard; and
(d) the locations identified for setting up of FAB manufacturing facilities in the country and the criteria adopted for the same

Answer

(a), (b) and (c): Letters of Intent (LoI) dated 19.03.2014 were issued to the two business consortia, one led by M/s. Jaiprakash Associates Limited (with IBM, USA and Tower Semiconductor Limited, Israel as partners and proposed location as Uttar Pradesh) and the other led by M/s. HSMC Technologies India Pvt. Ltd. (with ST Microelectronics and Silterra Malaysia Sdn. Bhd. as partners and proposed location as Prantij, Gujarat) for setting up Semiconductor Wafer Fabrication (FAB) facilities. The following main incentives were extended to both the consortia for setting up of FAB facilities in India:

â€¢ 25% subsidy on capital expenditure and tax reimbursement as admissible under Modified Special Incentive Package Scheme (M-SIPS).
â€¢ Exemption of Basic Customs Duty (BCD) for non-covered capital items
â€¢ Deduction on expenditure on R&D as admissible under Section 35(2AB) of the Income Tax Act
â€¢ Investment linked deduction under Section 35AD of the Income Tax Act
â€¢ Interest Free Loan of approx. Rs.5,124 Crore each or 20% of the capital expenditure, as admissible under M-SIPS, whichever is lower, (Exact amount to be calculated on appraisal of Detailed Project Reports).

As per Letter of Intent (LoI), both the consortia were required to take certain actions and submit the requisite documents, as enunciated in the LoI for demonstration of commitment. Both the consortia sought extensions on multiple occasions for submission of requisite documents for demonstration of commitment, which were provided to them. The consortium led by M/s. Jaiprakash Associates Ltd. withdrew from the project on 02nd March, 2016. The consortium led by M/s. HSMC Technologies India Pvt. Ltd. was given a final extension until 28th February, 2017 for submission of the documents for demonstration of commitment. However, the consortium led by M/s. HSMC Technologies India Pvt. Ltd. has not submitted the requisite documents for demonstration of commitment.
(d): The location for setting up FAB facilities was proposed by the consortia themselves.

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